

**Kansas Administrative Regulations
Economic Impact Statement
For the Kansas Division of the Budget**

Kansas Department of Health and Environment
Agency

Susan Vogel
Agency Contact

296-1291
Contact Phone Number

K.A.R. 28-51-100, 28-51-101, 28-51-103, 28-51-104, 28-51-105,
28-51-106, 28-51-107, 28-51-109, 28-51-110, 28-51-111,
28-51-112, 28-51-113 -- Amended
28-51-117, 28-51-118 -- New
28-51-102 -- Revoked
K.A.R. Number(s)

Submit a hard copy of the proposed rule(s) and regulation(s) and any external documents that the proposed rule(s) and regulation(s) would adopt, along with the following to:

Division of the Budget
900 SW Jackson, Room 504-N
Topeka, KS 66612

I. Brief description of the proposed rule(s) and regulation(s).

The above-referenced regulations restructure licensure for home health agencies (HHAs) by creating a two-tiered licensure system allowing for supportive care services as provided by K.S.A. 65-5101 *et seq.* The system will allow for the provision of skilled home health services and/or Home and Community Based Services (HCBS) or for the provision of only supportive care services. The regulations provide protections for vulnerable individuals while allowing these individuals to remain in their homes. Similarly, licensure allows the Kansas Department of Health and Environment (KDHE) to respond to consumer complaints when allegations are made that may involve abuse, neglect or exploitation.

DOB APPROVAL STAMP

APPROVED

OCT 26 2021

DIVISION OF THE BUDGET

II. Statement by the agency if the rule(s) and regulation(s) is mandated by the federal government and a statement if approach chosen to address the policy issue is different from that utilized by agencies of contiguous states or the federal government. (If the approach is different, then include a statement of why the Kansas rule and regulation proposed is different)

These regulations are not required by federal regulations. The proposed regulations are similar to regulations of Kansas border states, although Missouri does not regulate supportive care services. As required by K.S.A. 65-5101 *et seq.*, KDHE is proposing these regulations to include rules for home health agencies providing supportive care services. A review of current 2020 available information indicates the following home health agency fee structure among the border states with Kansas, including the proposed fees for Kansas, as follows:

State	Initial Licensure Fee	Renewal Licensure Fee
KANSAS	\$250.00 to \$750.00 (Based on Volume)	\$100.00 to \$600.00 (Based on Volume)
Missouri	\$600.00 (Flat Fee)	\$600.00 (Flat Fee)
Nebraska	\$650.00 (Flat Fee)	\$650.00 to \$950.00 (Based on Volume)
Colorado	Class A \$3,000.00 (Additional Fees Based on Volume)	\$1550.00
	Class B \$2,200.00 (Additional Fees Based on Volume)	\$1,325.00
Oklahoma	\$1000.00 (Flat Fee)	\$500.00 (Flat Fee)

III. Agency analysis specifically addressing following:

A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;

The proposed regulations will not restrict business activity or growth. Rather, the proposed regulations will enhance service structure for Kansans receiving home health agency services and provide for accountability by requiring home health agencies to be licensed based on the type of services they provide.

B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule and regulation and on the state economy as a whole;

There will be implementation and compliance costs for businesses required to be licensed as a result of increased fees.

Prior to 2017, home health agencies providing supportive care services were not required to be licensed. The current fee for an initial application for a home health agency license is \$100.00 and the renewal fee ranges from \$25.00 to \$580.00, which is based on the number of scheduled home visits made during the previous calendar year.



Based on an average of twenty (20) new home health agency licenses providing supportive care services in one (1) year, half of which provide services to less than 100 clients and the other half providing services to more than 100 clients, the amount collected would be \$7,500.00 for the first year. Renewal fees would decrease that amount to \$4,500.00.

With the increase in the initial fee to \$350.00 to \$600.00 for an existing home health agency, the fees for the existing home health agencies will increase an estimated \$10,000.00 to \$15,000.00.

The initial licensure fee for a Kansas home health agency providing skilled home health and or HCBS will increase to \$500.00 with a total unique patient and client count of less than 100 and \$750.00 for a total unique patient and client count of 100 or more. The renewal licensure fee for a Kansas home health agency providing skilled home health and or HCBS will increase to \$350.00 with a total unique patient and client count of less than 100 and \$600.00 for a total unique patient and client count of 100 or more.

The initial licensure fee for a Kansas home health agency providing supportive care service will increase to \$250.00 with a total unique patient and client count of less than 100 and \$500.00 for a total unique patient and client count of 100 or more. The renewal licensure fee for a Kansas home health agency providing supportive care service will increase to \$100.00 with a total unique patient and client count of less than 100 and \$350.00 for a total unique patient and client count of 100 or more.

Based on an average of twenty (20) new skilled home health and or HCBS agencies in one (1) year and the slight increase in renewal fees, the amount collected would be between \$10,000.00 and \$15,000.00 depending on the total unique patient and client count.

Added together, the total cost to all licensees throughout the state will be between an estimated \$14,500.00 and \$22,500.00.

The increase in fees will reflect the time involved in reviewing applications and partially covering the cost of the survey process.

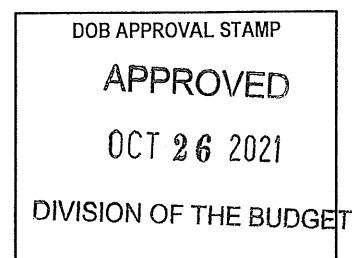
No impact on state or local government rates, utility rates or the economy is anticipated.

C. Businesses that would be directly affected by the proposed rule and regulation;

Only home health agencies that provide home health services to individuals in their homes.

D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;

Benefits exist in requiring previously unlicensed home health providers and, therefore, not regulated to be licensed. Requiring licensure of all HHAs allows KDHE to license and inspect HHAs both before and during the delivery of services. The licensure and inspection of HHAs provides protections for vulnerable individuals while allowing them to remain in their homes. Similarly, licensure allows for KDHE to respond to complaints when allegations are made that may involve abuse, neglect or exploitation.



E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;

KDHE health facilities staff met with home health agencies and stakeholders in developing the proposed regulations. A licensure system was developed as the best way to regulate HHAs and to accurately reflect the costs associated with regulating the two types of HHAs.

F. An estimate, expressed as a total dollar figure, of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

Annual implementation and compliance costs will increase as a result of an increase in fees. The initial licensure fee for a Kansas home health agency providing skilled home health and/or HCBS will increase to \$500.00 with a total unique patient and client count of less than 100 and \$750.00 for a total unique patient and client count of 100 or more. The renewal licensure fee for a Kansas home health agency providing skilled home health and/or HCBS will increase to \$350.00 with a total unique patient and client count of less than 100 and \$600.00 for a total unique patient and client count of 100 or more.

The initial licensure fee for a Kansas home health agency providing supportive care service will increase to \$250.00 with a total unique patient and client count of less than 100 and \$500.00 for a total unique patient and client count of 100 or more. The renewal licensure fee for a Kansas home health agency providing supportive care service will increase to \$100.00 with a total unique patient and client count of less than 100 and \$350.00 for a total unique patient and client count of 100 or more.

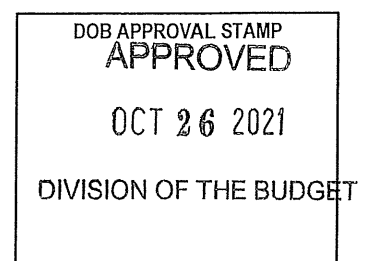
The total cost to all licensees throughout the state will be between an estimated \$14,500.00 and \$22,500.00 annually.

KDHE does not anticipate that any costs will be passed to local governments or to members of the public.

An estimate, expressed as a total dollar figure, of the total implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

Total implementation and compliance costs will increase as a result of an increase in fees. The initial licensure fee for a Kansas home health agency providing skilled home health and/or HCBS will increase to \$500.00 with a total unique patient and client count of less than 100 and \$750.00 for a total unique patient and client count of 100 or more. The renewal licensure fee for a Kansas home health agency providing skilled home health and/or HCBS will increase to \$350.00 with a total unique patient and client count of less than 100 and \$600.00 for a total unique patient and client count of 100 or more.

The initial licensure fee for a Kansas home health agency providing supportive care service will increase to \$250.00 with a total unique patient and client count of less than 100 and \$500.00 for a total unique patient and client count of 100 or more. The renewal licensure fee for a Kansas home health agency providing supportive care service will increase to \$100.00 with a total unique patient and client count of less than 100 and \$350.00 for a total unique patient and client count of 100 or more.



As stated above, the total implementation cost to licensees throughout the state will be between an estimated \$14,500.00 and \$22,500.00 annually.

KDHE does not anticipate that any costs will be passed to local governments or to members of the public.

Do the above total implementation and compliance costs exceed \$3.0 million over any two-year period?

YES ☐ NO ☒

Give a detailed statement of the data and methodology used in estimating the above cost estimate.

The above cost estimate was based on the assumed number of new applications and renewals received by KDHE.

Prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing if the total implementation and compliance costs exceed \$3.0 million over any two-year period to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.

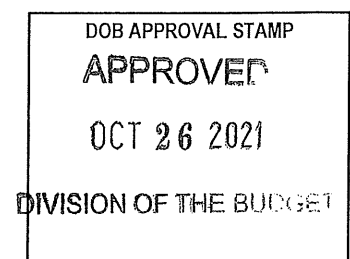
YES ☐ NO ☒

- G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.**

The proposed regulations will have no effect on the cities, counties or school districts within the state. However, when the notice of hearing for these regulations is published in the *Kansas Register*, standard agency procedure will be followed and the three organizations will be contacted electronically for comment with attached copies of the regulations, economic impact statement and published notice of hearing.

- H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).**

The KDHE met twice with home health agency stakeholders. The group is comprised of HHA business owners, legislative representatives of these business owners, and the Home Health Association as well as KDHE staff. A foundation for regulatory change was derived from these meetings.



- I. For environmental rule(s) and regulation(s) describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).**

Not applicable.

